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## STAGES OF ECONOMIC DEVELOPMENT.— DISCUSSION.

KATHARINE COMAN: The analysis of economic phenomena must vary with the point of view, and each of the series cited corresponds to the stages of evolution recorded of certain periods and peoples. List's sequence might be accurately exemplified not only in Israelitish history, but from the rapid transitions of frontier life west of the Mississippi. Bücher's analysis is true to German history. Marx anticipated by fifty years the vast capitalistic combinations that confront contemporary statesmen. We might go farther and enunciate other formulae. It would be equally just to postulate economic stages according to the development of manufactures, *e. g.*, hand-power, horse-power, water-power, steam, electricity; or according to the emancipation of labor, *e. g.*, slavery, serfdom, wage-labor, self-employment, trade-organization; or according to the individualization of property in land, *e. g.*, tribal, communal, feudal, allodial. The complex phenomena of industrial progress cannot be comprehended in any one series. Each phase of economic progress requires its own exponent, and a series of formulae would be necessary to any adequate exposition of the course of industrial evolution.

As industrial activities intensify, the thread of sequence becomes more difficult to follow. The transition from stage to stage seems hopelessly obscured by the world-encompassing transportation agencies of to-day. The domestic economy of the Slavic commune is invaded by

the ready-made goods of the world-producer. The sons of the patriarchal family are translated to the coal mines, steel mills and packing towns of the new world. We must rid ourselves of the notion that economic evolution is organic, that there is more than a verbal analogy to the processes of biological growth. In our science the sequence of forms is not inevitable. Economic progress is conditioned on the efforts put forth, the choices made by myriads of human beings, each actuated in greater or less degree by the economic motive. The great all-inclusive tendency underlying all formulae of development and taking shape in successive economic institutions may be simply stated. *Human society is being progressively industrialized.* As wants multiply, and because satisfaction is obtained only at increasing cost, economic enterprise grows more absorbing and more efficient. The formula of biological evolution, the survival of the fittest, should be reworded to state fitly the genesis of economic evolution. Industrial progress is determined by the survival of the most efficient.

Environment exercises an important influence on the course of economics, as on biological evolution. The determining conditions in our own country thus far have been free land and the absence of legislative restraint. While the limitless resources of a virgin continent were available to all comers, there could be no monopoly. The open door to the west meant opportunity for self-support, self-realization, freedom. The dominant *motif* of our economic legislation has been liberty. The binding obligations imposed by English proprietors and land companies were rejected. Old world institutions were sloughed off as outgrown, atrophied. Feudal forms of land-tenure, for example, servile dues, quit-rents, primogeniture and entail were abolished with the Revolution.

The independent states and the newly organized federal government gave fee simple title to all settlers on public lands. Penal enforcement of the labor contract has given way before the demand for personal liberty. Indentured service has long since disappeared, the binding out of children is rarely practised, peonage is illegal, the importation of contract labor is forbidden, the bodily enforcement of the labor contract has been abolished, even in the case of seamen.

The rapidity with which such transitions take place on American soil may be illustrated from the progress of the emancipated slaves. Impelled by necessity for self-support, by the desire for self-realization in liberty and property, the freedman became a wage-laborer. This relation proving unsatisfactory to both employer and employed, the free laborer became a "cropper," responsible for the cultivation of a special strip of land and under obligation to put in five, four, or three days' labor a week according to the extent to which he was financed by the planter. (A very interesting parallel to the stock and land lease of mediæval England may here be found.) The cropper, if industrious and fortunate, was soon able to make better terms with his landlord. He became a share tenant, then a cash tenant, and finally, by instalment purchase, full owner of the farm he tilled. By such patient endeavor the great plantations of the antebellum South have been broken up and fully 180,000 acres have passed into possession of peasant proprietors of the colored race.

What may be the effect of our present environment, the arable land largely taken up and other means of production concentrated in the hands of a few large-scale producers, lies quite beyond the scope of this enquiry. I have said enough to show that with due allowance for dis-

turbing forces,—cheap and rapid transportation, world commerce, and rapid transitions,—the course of economic evolution may be traced quite as clearly in the new world as in the old.

ERNEST L. BOGART: Severe as was Professor Gay's arraignment of Professor Bücher it was milder than that made by his German critics. The question, however, it seems to me, as presented by Professor Gay is somewhat broader than the accuracy of Professor Bücher's statements or the correctness of his analysis of economic development. Professor Gay has warned us against accepting the generalization of Professor Bücher, or in fact of any of the other German historical economists, as adequate explanations of economic development, or as the basis of further historical generalization. The broad question of the validity of historical generalizations is thus raised. If Bücher is wrong, if Schmoller, Hildebrand, Roscher, Knies, and the others are at fault in their description of the various stages of economic progress, can any generalization be made which will satisfy at once the historian, the economist, and the sociologist as satisfactory characterizations of human development? It seems to me that such are possible. Let me make my point clear by calling to your mind a theory of economic progress which Professor Gay did not describe, the familiar division of the stages of human progress ethnically into savagery, barbarism, and civilization. As you are all well aware the stage of savagery was divided into three stages, the emergence from the first of which into the second was marked by the discovery of fire, the second by the invention of the bow and arrow. The second period of human progress is that of barbarism, which was also divided into three stages, and the transition

from savagery to barbarism was made when the use of pottery first became universal. The second transference into a somewhat higher stage was made when the domestication of animals was brought about, and the third stage when iron implements began to be used. The final transition from barbarism into civilization was effected when the alphabet was invented. Here we have, then, certain large generally agreed upon events, inventions or discoveries, each of which in turn caused a revolution in the life and habits, in the economic organization and the industrial pursuits of the people involved. The last of these events, the invention of the alphabet, introduces us to the period of civilization.

Now the recent theories of stages of economic progress are all attempts to characterize man's progress through this last period of his life history. Is it possible, then the question is, to discover and select any marks or tests which will adequately do this, as adequately as was done by the earlier tests which were applied to describe the stages of savagery and barbarism? How have the theories under review met this demand? Hildebrand's famous stages, those of barter, of money, and of credit economy are manifestly one-sided and take account of only one factor in the industrial life of the people, that of exchange. So also Schmoller's and Roscher's analyses must be rejected as inadequate. Nor can Bücher's description, brilliant and interesting as it is, be accepted as a conclusive characterization of the stages of development. Professor Gay's criticisms are very much to the point in this regard. But shall we then conclude that no stages of economic development can be discovered broad enough to be universally applicable to all civilized nations? It does not seem to me that such a conclusion is necessary. It is, however, very difficult to frame any satisfactory generalizations which

will explain stages of economic development in the life of civilized man, especially the later stages of his development, because the dynamic element enters in so strongly and with such confusing effect. Commerce brings nations of different economic development into contact with one another, and as a result of that contact the industrially more backward nation has either skipped a stage in its progress or possibly it has perished as a result of its contact with the stronger and more energetic nation. But some sort of classification is necessary if we are to deal with the multiplicity of complex and confusing facts. Changes in technical production will perhaps give the most satisfactory test. Every one is agreed, I suppose, as to the importance of the great changes in economic organization, in industrial methods, and in social structure that were ushered in by the so-called industrial revolution. What characterized this and has marked the beginning of a new stage in economic development was the manufacture and the use of artificial power. It is not possible now in the short time that is allotted to go into details. It is sufficient, I think, to simply mention the fact and there will come up before you such a picture of the industrial revolution that you will readily agree that the manufacture of power marked as great a change in the economic development of man at the end of the 18th century and beginning of the 19th century as that, let us say, of the invention of the bow and arrow with the primitive savage.

I should like to say one final word about the danger that exists in applying these stages of economic development that have been described, or any other formulae, as explanations of the economic history of the United States. It has been done more than once. But it seems to me that any attempt to explain American econ-

onomic history by the application of these formulae or any of the others that have been described is foredoomed to fail, and not merely to fail, but it will almost necessarily mislead and confuse the interpretation of our economic history rather than aid in its understanding. Our own economic history has been unique. There was transferred to a new country with enormous possibilities, a people who were already far advanced commercially and in other ways. They were set down in the midst of primitive conditions, and they had temporarily, it is true, to revert to some of the practices of their primitive ancestors. To apply any of these formulae as explanations of the development of our westward movement, of the changes which have taken place in manufacture, or in agriculture or in transportation, is fraught not only with difficulty but with grave dangers. I should therefore agree very heartily in conclusion with Professor Gay that we ought to use these formulae with the greatest caution, and we of this country particularly should be careful how we apply generalizations which have been made under very different conditions. But that it is impossible to frame such generalizations and make them of service in the interpretation of historical sequences I think we have no reason to conclude.

RICHARD T. ELY: It seems to me that economists and historians have frequently taken somewhat too seriously the theories of stages in economic development. I do not think that it is possible to hold the view that there can be anything absolute in these stages in economic development. It is, however, extremely helpful to divide economic progress into stages, because the subject with which we deal in economic history is so vast that the human mind cannot take it in as a whole. The stages



give us simply convenient frameworks within which to arrange our knowledge. We may take a period in economic history and compare it with another period remote from it, and we find that each has distinct characteristics. This is true of the well developed pastoral stage as contrasted with the well developed agricultural or handicraft stage. Between the two there is naturally a transition and there are points at which one stage gradually fades off into the other. We have abundant analogies in nature.

Every different viewpoint gives us a new classification of stages and every new purpose gives us another classification. Any one classification should be governed by a single principle. I agree with Professor Gay in his criticism of Bücher, who puts things together which belong apart and puts apart things which really belong together. I agree also that the criteria of Knies are not satisfactory, because he gives us too many principles of classification so that the mind is confused. In our attempt to divide economic development into stages, for general purposes I think that we can take as our criterion man's power over nature. Let us ask ourselves the question,—what is the purpose of our economic activity? Naturally it is the larger and better satisfaction of our wants. Now we make progress in producing more and better goods just in proportion as we gain power over nature. This gives us a single concept and a useful criterion. This was the thought that really underlay the remarks of Professor Bogart. His enumeration of stages was based upon the increasing power of man over nature. The discovery of fire meant a great increase in man's power. We may speak of our first stage as the stage of finding things, when man takes what he finds and has little control over nature. Here again it is necessary to be cau-

tious. If a man constructs the rudest kind of a hut, he exercises some control over nature. But after all there is a stage in which the life of man is characterized by the fact that he in the main takes what nature has to offer. Beyond this we have the pastoral stage, the agricultural stage, the handicraft stage, and the stage of machine production. Within these stages we have various phases.

We must also make a distinction between the economic development of the human race as a whole and the economic development of any nation or section. The economic development of a particular portion of the earth is governed by various conditions, and especially by the time when it enters upon its economic life. Stages in the United States are influenced by the fact that we came into existence at a time when economically the world was well advanced. We have the pastoral life in this country, but naturally it is not like the pastoral stages of existence described in the Bible. Nevertheless we find our knowledge of the stages helpful in interpreting phenomena in the United States. In Colorado as population increases and economic life becomes more intensive we find men gaining increasing control over nature. The sheep breeders, for example, recently have introduced improved breeds of sheep.

EDWIN F. GAY: I should regret to leave the impression in the minds of my hearers that I do not recognize the use of economic stages. Despite their imperfections, they are suggestive and helpful. I have tried simply to point out their limitations, and this not merely in a general way but with specific criticism of that theory which has perhaps the widest present acceptance. My attitude in regard to the stages may perhaps be summed up in what Meredith somewhere says of a proverb. A proverb

is like an inn; an excellent halting place for the night but a poor dwelling. Here lies the danger of the stages. Because of their convenient generalization, they tend to become accepted without proper recognition of their purely provisional and inherently defective character.

It has been asked whether I would deny the possibility of establishing any finally satisfactory theory. This, I confess, is entirely beyond my ken. Our historical record is not merely imperfect; it is too short for safe theorizing. At some distant future, from the longer and fuller series of historical observations which then doubtless will be available, a sociological Newton may possibly draw the adequate formulae. I suspect, however, that philosophies or laws of history must always remain relative and provisional. In the meantime we must put up, but cautiously and critically, with such partially satisfactory schemes as are necessary to satisfy our logical craving for some system of classification of the complex phenomena of history.